

CYPRUS PROPERTY TAX INFORMATION

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Owners of rental property in Cyprus, who are **non-resident**, are liable to pay taxes in Cyprus if their income exceed € 19.500. An Individual is considered as non-resident in Cyprus if s/he does not spend 183 days or more in any tax year (calendar year) in Cyprus or does not have their primary residence there.

Cypriot taxes payable when owing a property are as follows:

Income Tax:

Cypriot Tax Resident: Rents from Cyprus source or outside Cyprus are subject to income tax.

Non-resident: Rents from Cyprus only are subject to income tax.

In either case the individual is entitled to the following yearly allowances:

- a) A reduction of 20% on the gross rent.
- b) A deduction for the total interest paid for the acquisition of the property rented.
- c) Capital allowances of 3% on the cost of the rented property (for 33 years from the date of purchase).

The following income tax rates apply to individuals:

Chargeable income (€)	Tax Rate (%)	Accumulated tax (€)
0 – 19.500	-	0
19.501 – 28.000	20	1.700
28.001 – 36.300	25	3.775
over 36.301	30	

Special Defence Contribution

Cypriot Tax Resident: Gross Rents from Cypriot sources or outside Cyprus, after being reduced by 25% are subject to a special defence contribution of 3%.

Non-resident: Not liable to special defence contribution.

The special defence contribution is payable by the recipient of the rent in two installments on the 30th June and the 31st December each year.

Cypriot Corporate Income Tax

Cypriot Corporate Income Tax is payable if property is purchased through a company and is calculated @ 10% on the company profits after costs.

Cypriot Immovable Property Tax

The annual Cypriot immovable property tax is imposed on the market value of the property as at 1st January 1980 and applies to the immovable property owned by the taxpayer on 1st January each year.

Market value of property (1/1/1980)(€)	Annual Property tax (%)
up to 170.860	0
170.860 to 427.150	0.25
427.151 to 854.300	0,35
over 854.301	0.40

Cypriot Capital Gain Tax

Cypriot Capital Gains Tax is payable by both residents and **non-residents** at a rate of 20 per cent on gains from the disposal of immovable property in Cyprus.

Subject to certain conditions, individuals may claim the following deductions:

- Up to €85,430 if the disposal relates to a private residence.
- Up to €25,629 if the disposal is made by a farmer and it relates to agricultural land.
- Up to €17,086 on any other disposal.

These deductions are granted once in the lifetime of the individual, until fully exhausted and if an individual claims a combination of them, the maximum deduction granted cannot exceed €85,430.

Stamp Duty on Contracts

The purchaser is liable for the payment of stamp duty on the purchase price of the property at the following rates

Contracts:

For amounts up to € 170.860 0, 15%

For amounts over € 170.860 0, 20%

Plus € 256, 29

(Maximum Fee € 17.086)

This should be paid within 30 days from signing of the contract of sale.

Transfer Fees

Real Estate Transfer fees are imposed by the Lands Registry in order to transfer FREEHOLD ownership to the name of the purchaser. The transfer fees are due for payment when the transfer of the title deed in the name of the purchaser takes place. The Purchaser is solely responsible for the payment of the transfer fees. The rates are on a graduated scale as follow:

Value of property (€)	Transfer fee rate (%)
up to 85.430	3
from 85.431 to 170.860	5

from 170.861 and over

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If the property is in joint names e.g. of a couple (husband and wife) or two individuals, then the purchase value is divided into two parts which results in reduced transfer fees.

Worldwide income

Rental income received in Cyprus will first have to be declared before the Cyprus tax authorities. You may be liable to declare this income within your resident tax return.

Property Tax International can organize the completion and filing of all necessary Cypriot tax returns in addition to advising on your property tax obligations in your home country.

CONTACT: Property Tax International can organize the completion and filing of all necessary Cypriot tax returns in addition to advising on your property tax obligations in your home country:

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